

## Message Text

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SUBJECT: UNEMPLOYMENT CREATING DIFFICULT LABOR PROBLEMS IN BELGIUM

REF BRUSSELS A-262; BRUSSELS 00766

SUMMARY: INCREASING UNEMPLOYMENT PARTICULARLY IN FRANCOPHONE AREA (WALLONIA) IS CAUSING DIFFICULT LABOR PROBLEMS FOR GOVERNMENT. FULLY UNEMPLOYED NOW OVER 150,000 AND PARTIAL UNEMPLOYMENT AS OF DECEMBER 31 ADDITIONAL 110,000. UNIONS NOW NEGOTIATING WITH EMPLOYERS ON SECTOR LEVEL SEEKING GUARANTEES AGAINST PERMANENT LAYOFFS DURING 1975. THIS IS KEY ISSUE IN METAL AND STEEL SECTOR WHERE NEGOTIATIONS HAVE BEEN BROKEN OFF AND STRIKE IS THREATENED FOR FEBRUARY 10. MORE SERIOUS PROBLEMS FOR GOVERNMENT AT PRESENT ARE FORCED CLOSING OF VAL ST. LAMBERT CRYSTAL FACTORY AND SHUT-DOWN OF GLAVERBEL GLASS FACTORY IN GILLY. FORMER IS GOVERNMENT OWNED WHILE LATTER IS PART OF FRENCH MULTI-NATIONAL BOUSSOIS-SOUCHEON-NEUVESEL (BSN). BOTH CURRENTLY EMPLOY 600 WORKERS WHO ARE NOW ON STRIKE AND OCCUPYING BOTH PLANTS. WITH CAMPAIGN FOR TRADE UNION ELECTIONS NOW UNDERWAY, UNIONS ARE GIVING VENT TO MORE MILITANT STANCES AS NEITHER MAJOR FEDERATION WANTS TO GIVE ADVANTAGE TO ITS RIVAL IN PUSHING

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WORKER DEMANDS. LOCAL PRESS REPORT INDICATES SOME 110 ENTERPRISES

HAVE FILED FOR GOVERNMENT ASSISTANCE DUE TO FINANCIAL DIFFICULTIES. THESE EMPLOY SOME 18,000 OF WHOM ABOUT 10,000 ARE IN WALLONIA. HOW GOVERNMENT WILL DEAL WITH THESE GROWING PROBLEMS REMAINS TO BE SEEN, BUT ITS ACTIONS COULD HAVE SOME EFFECT ON THE POLITICAL SITUATION.

1. LATEST UNEMPLOYMENT STATISTICS FOR JANUARY 15 INDICATE OVER 147,000 FULLY UNEMPLOYED OR ALMOST 6 PERCENT OF THE WORK FORCE. THIS FIGURE IS EXPECTED TO BE OVER 150,000 BY THE END OF THE MONTH. PARTIAL UNEMPLOYMENT WHICH IS NOT PRESENTLY BEING COUNTED STOOD AT 110,000 AT THE END OF DECEMBER. UNEMPLOYMENT IS PARTICULARLY SEVERE IN FRENCH SPEAKING WALLONIA REGION WHERE STRUCTURAL UNEMPLOYMENT IS MORE PREVALENT, PARTICULARLY IN DEPRESSED CHARLEROI AREA. THERE ARE OVER 7,000 UNEMPLOYED IN THAT DISTRICT. THE UNIONS RECOGNIZING THAT UNEMPLOYMENT IS KEY PROBLEM IN 1975 SINCE WAGES ARE TIED TO COST OF LIVING INDEX HAVE INSISTED THAT NEW AGREEMENTS INCLUDE PROVISION FOR GUARANTEE NO PERMANENT LAYOFFS IN 1975. THIS HAS BECOME KEY ISSUE IN DEMANDS OF METAL AND STEEL WORKERS IN IN NEGOTIATIONS WITH EMPLOYERS FEDERATION (FABRIMETAL). NEGOTIATIONS BROKE DOWN IN MID JANUARY AND STRIKE NOW THREATENED FOR FEBRUARY 10 AFFECTING SOME 100,000 WORKERS. (REF B)

2. MAIN IMMEDIATE PROBLEM FOR GOVERNMENT, HOWEVER, IS HOW TO DEAL WITH CLOSING OF RENOWNED CRYSTAL WORKS VAL ST. LAMBERT (LIEGE) AND CLOSING OF MAJOR GLASS PLANT OF GLAVERBEL IN CHARLEROI AREA. BOTH PLANTS EMPLOY 600 WORKERS. VAL ST. LAMBERT IS STATE OWNED COMPANY WHICH WAS ON VERGE OF BANKRUPTCY WHEN GOVERNMENT TOOK IT OVER IN 1971. IT HAS NEVER RECOVERED AND NOW FACES A SHUTDOWN. GLAVERBEL MERGED IN 1972 WITH MECANIVER A SUBSIDIARY OF FRENCH MULTINATIONAL BSN. NEVERTHELESS, WORKERS ARE LOOKING TO GOVERNMENT FOR SOLUTION IN BOTH CASES. THE WORKERS STRUCK GLAVERBEL PLANT JANUARY 15 AND HAVE OCCUPIED FACTORY SINCE THAT DATE. THEY ALSO ATTEMPTING AROUSE SOLIDARITY SUPPORT AMONG BSN WORKERS IN FRANCE. AT REQUEST OF MINLABOR COMPANY POSTPONED DECISION TO CLOSE PLANT UNTIL FEBRUARY 15 TO PERMIT NEGOTIATIONS ON FATE OF 600 WORKERS. HOWEVER, TO DATE NEGOTIATIONS HAVE BROUGHT NO RESULT. CHRISTIAN UNION WHICH REPRESENTS WHITECOLLAR WORKERS IN GLAVERBEL CALLED FOR CONFISCATING OF PLANT AS ULTIMATE SOLUTION. THIS WOULD FOLLOW

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PRECEDENT RECENTLY SET BY COURT RULING IN CASES INVOLVING TWO SMALL COMPANIES WHICH WERE FORCED TO CLOSE. COURT RULTED THAT WORKERS HAD RIGHT TO CONTINUE OPERATION UNTIL NEW BUYERS FOUND FOR THESE PLANTS. GLAVERBEL AFFAIR HAS WIDER IMPLICATIONS AS UNIONS SEE IT AS DEMONSTRATION OF WORKER ACTION AGAINST MULTINATION DECISION TO SHIFT ITS ASSETS OUT OF BELGIUM. MINLABOR, WHO INTERVENED TO POSTPONE SHUTDOWN HAS CRITICIZED BSN FOR PRESENTING UNION WITH FAIT ACCOMPLI

ON SHUT DOWN. BSN (GLAVERBEL) HAS SEVERAL OTHER PLANTS IN BELGIUM WHICH COULD BE AFFECTED IF NO SOLUTION IS FOUND IN THIS DISPUTE. SITUATION OF VAL ST. LAMBERT OFFERS LESS OPPORTUNITY FOR SOLUTION ACCEPTABLE TO WORKERS. ON JANUARY 29 THEY TURNED DOWN THREE ALTERNATIVES PRESENTED BY GOVERNMENT, BEGAN STRIKE AND OCCUPIED FACTORY. MOST FAVORABLE PROPOSAL FOR WORKERS WAS TO CONTINUE PRODUCTION WITH ABOUT ONE THIRD OF PRESENT PERSONNEL REQUIRING NEW INVESTMENT OF 350 MILLION BELGIAN FRANCS. UNIONS WANT TO INCREASE NUMBER OF WORKERS RETAINED BY INCREASING AMOUNT OF INVESTMENT.

4. FRENCH LANGUAGE DAILY LA LIBRE BELGIQUE JANUARY 30 PUBLISHED REPORT ON COMPANIES WHICH HAVE FILED FOR GOVERNMENT ASSISTANCE DUE TO FINANCIAL DIFFICULTIES. ACCORDING ITS FIGURES 110 COMPANIES NOW UNDER CONSIDERATION OF WHICH 60 IN WALLONIA EMPLOYING BETWEEN 8-12,000. THIRTY OF THESE HAVE FILED IN LAST THREE WEEKS. IN FLANDERS 50 COMPANIES WHICH HAVE FILED EMPLOY OVER 8,000 WORKERS. IN GRANTING AID PRIORITY IS GIVEN TO CONSERVING EMPLOYMENT, HOWEVER, SOME WORK FORCE REDUCTIONS ARE NECESSARY EVEN WHEN COMPANY IS GRANTED ASSISTANCE.

5. COMMENT: OUTCOME OF CURRENT NEGOTIATIONS AND DISPUTES REMAINS TO BE SEEN, HOWEVER, WITH MAJOR PROBLEMS NOW CENTERED IN WALLONIA PARTICULARLY IN CHARLEROI/AMLIÈGE AREAS, PROBLEM COULD HAVE POLITICAL REPERCUSSIONS AS WELL. THREE MEMBERS OF GOVERNMENT INCLUDING MINLABOR HAIL FROM CHARLEROI AND TWO ARE LEADERS OF SMALL WALLON RALLY (RW) PARTY WHICH ENSURES PRESENT COALITION GOVERNMENT'S MAJORITY IN PARLIAMENT. IF GOVERNMENT DECISIONS ADD TO WORKER DISATISFACTION LEADERS OF RW MAY HAVE TO DISASSOCIATE THEMSELVES FROM THESE DECISIONS IN ORDER TO PRESERVE THEIR STRENGTH IN THIS AREA. RW IN PAST HAS NOT HESITATED TO TAKE MORE INDEPENDENT POSITION ON COMMUNITY PROBLEMS AND IT MAY FIND NEED TO DO SO ON ECONOMIC

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PROBLEMS AS WELL. IT REMAINS TO BE SEEN IF THIS WILL HAVE ANY EFFECT ON VOTING IN PARLIAMENT. RENNER

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